March, 1960

THE

Credit Union

OFFICIAL PUBLICATION OF THE CREDIT UNION NATIONAL ASSOCIATION, INC.

ON THE COVER
The dispute between CUNA and CUNA Mutual came to a boiling point at quarterly meetings in February. CUNA president Julius Stone warned the insurance society that unless it respected the demands of CUNA and the Leagues, it might be necessary to form a new company that could be controlled by the organized movement. **(See In the News, page 15.)**

The Credit Union Bridge

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Vol. 25 **No. 3**

March, 1960

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COMING SOON

Credit unions in Hawaii

Real estate loans

Senator Paul Douglas of Illinois, credit union member, Quaker, ex-Marine, is off on a new campaign.

"TRUTH IN CREDIT"

A bill to require all lenders to state their interest charges in comparable terms, so the borrower can know what he's paying, has been introduced in the Senate by Paul Douglas of Illinois and in the House of Representatives by Henry Reuss of Wisconsin.

Today, notoriously, there are scores of ways to state interest rates, so that the borrower rarely has any idea whether he is paying 6 percent or 666 percent.

However, if Senator Douglas's bill should succeed, it would bring new order into the consumer credit market.

CONGRESS suddenly has begun to show signs of impatience with misleading credit selling. A whistle may be blown. Members of the Senate banking and currency committee plan to turn a spotlight on the problem in March. Hearings are being scheduled. It is not unlikely that the Senate may pass a bill before the current session of Congress ends, although that doesn't mean the House will act so fast.

Congress has refused repeatedly in the past to go along with peacetime controls over consumer credit, but the current concern about deceptive credit promotions is a different matter.

In debates over consumer credit control, men are divided according to their attitude toward government intervention in the marketplace. Most Congressmen are reluctant to resort to credit control in peacetime. But men of all political and economic persuasions agree that consumers ought to know what they are paying when they borrow money.

Our economic system assumes that consumers can take care of themselves if they have full information about what they are buying. Senators who are pushing "truthful labeling" legislation for credit say the jargon of the credit merchant has become so confusing that consumers are unable to make informed decisions.

Part of the problem comes from the change that has taken place in the tactics of lenders. In the old days, when a man got credit, he posted collateral. He was impressed with the importance of the step he was taking, and the privilege he was enjoying.

Credit for everybody

Now the concept of collateral has changed. Credit is available to everyone. Often the mixture of loan and purchase is such that the purchaser has no understanding of the price of

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Quebec, Saskatchewan and British Columbia lead the nation in savings gains.

Income and saving are rising rapidly in Canada, yet most Canadian industry is still financed by investment from outside. Canadians get a little mad at themselves about this. Nevertheless, the present trend in saving is encouraging.

SAVINGS

About 30 percent of Canadians earn between $3,000 and $6,000.

CANADA'S seventeen million citizens now have savings of more than twelve billion dollars—which means they are salting money away at the highest saving rate in the world.

Credit unions are playing an increasingly important role in this picture. In fact, the amount of savings they hold is growing considerably faster than the growth in savings accounts at the country's chartered banks. This is partly due to the encouragement given for deposits at credit unions through life savings insurance, which has made a big impression on many credit union members.

During 1958, the latest year for which complete figures are available, credit unions in Canada increased the savings they hold for members by 18 percent—more than double the rate recorded by the chartered banks. The total of shares and deposits held by Canadian credit unions, at the end of 1958, amounted to $936 millions. By now, the total is well over a billion dollars.

The three provinces with the highest savings per credit union member are Quebec (where 63 percent of the country's total credit union assets are

IN CANADA

held), Saskatchewan and British Columbia, with average savings of $513, $508, and $406, respectively. The average savings per member in Canada as a whole is $342.

Meanwhile, the loans granted to members in 1958 amounted to $394 millions—a 14 percent increase over 1957. The total of loans granted from 1954 to 1958 was $1,522 millions, proving that credit unions in Canada are making a pretty big splash in this prosperous nation.

Up three times

Savings by credit union members have more than tripled in the past ten years, having risen from $239 millions in 1948. The average saving per member during this period has increased by 150 percent. Shares and deposits together account for nearly 93 percent of credit union liabilities. Shares issued account for 31.9 percent of credit union liabilities; deposits for 60.5 percent. In 1958, some $84,000 was paid as interest on deposits and $1,416,000 as dividends on shares.

The importance of the credit union as a savings agency in Canada must be judged in the context of total savings by Canadians, and that, in turn, requires a brief analysis of the distribution of Canadian earnings. The country's seventeen million citizens earn close to twenty billion dollars a year. The average income per employed person is $2,824, but this figure is distorted downward by the fact that it includes wives who work only part-time to supplement family income.

Although their earnings account for more than 10 percent of the national income, only 1.7 percent of Canadians earn over $10,000 a year. More typical are the 31.4 percent of the country's population who earn between three and six thousand dollars a year.

The most popularly held form of saving is life insurance. Two-thirds of all Canadian families are now making life insurance premium payments. A surprising 32 percent of Canadian families allocate 10 percent or more of their income to insurance premium payments. The next most important form of saving is bank deposits. Six in ten Canadian families hold some money in the bank. The breakdown of these savings is interesting. Some 40 percent of individuals with annual incomes of less than a thousand dollars a year have savings accounts averaging $1,247—emphasizing the fact that many of the persons in this category do not depend on their earnings for their livelihood.

Nearly 80 percent of individuals in the more typical $7-10,000 earnings group hold bank deposits, averaging $2,293 per holder. It's particularly interesting to note that families and unattached individuals earning more than $10,000 dollars a year have a slightly lower proportion of their incomes in the bank.

Another important form of savings is the purchase of bonds. Some 27 percent of Canadian families have investments of this type, with nearly one-quarter of the holders having some Canada Savings Bonds. Stocks are held much more frequently than mortgages.

Changing preferences

While there has been a great change during the postwar decade in the preferences of consumers among the saving institutions—life insurance companies and credit unions have gained at the expense of banks—there still remains a great amount of potential for growth, and this is the challenge for Canadian credit unions.

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FOR
BETTER HOUSING

The Municipal Credit Union of New York has taken an active role in sponsoring cooperative housing for its members. It's one of the brighter developments for middle-income families; in New York as in many other cities they find it hard to locate apartments in their price range. Other credit unions are interested too.

This project is typical of the co-op housing being sponsored in New York by credit union, labor and other groups.

"Credit unions can do something about housing," says William Reid, president of Municipal Credit Union in New York City for thirty years. "I think this challenge is one of the most important ones facing credit unions today in every community with a housing shortage.

"This does not mean that the sponsoring credit union must provide funds to build the housing project. All that sponsorship of a Title I redevelopment project requires is to stimulate thought and discussion among interested members, to work out detailed advance plans, to establish a housing corporation, to initiate negotiations with local redevelopment authorities, and to lend the necessary down payments to members in need of the money."

Reid is well qualified to discuss cooperative housing for credit union people. Right now, his credit union is sponsoring three cooperative housing projects: Chatham Green, Chatham Towers and Division Street.

Reid was president of the Credit Union National Association in 1941 and 1942. He has been a director of the CUNA Mutual Insurance Society since 1939, and is a past president of CUNA Mutual. He is also a director and past president of the New York State Credit Union League.

Since 1912 he has served New York City's municipal government in various spots—chief accountant in the comptroller's office, auditor of disbursements, chairman of the Board of Transportation and deputy mayor. Today he is chairman of the New York City Housing Authority, a municipal agency which manages some ninety large-scale housing developments with an estimated population in excess of 400,000.

Here are the five steps The Municipal Credit Union took to become a sponsor for co-op housing, as recalled by one of the officers of Chatham Green, Inc., Municipal's first co-op housing project:

- **Selecting the site.** "We started out by choosing a location. Together with our project's co-sponsor, the New York State Credit Union League, we found a site in a slum area which had not been condemned but appeared suitable for redevelopment."

- **Establishing a housing corporation.** "Our next step was to set up a housing cooperative. In New York, there are several types of corporations which can be used for this purpose. We decided to establish a redevelopment corporation. To form this corporation, we had to obtain the approval of New York City's comptroller."

- **Negotiating with municipal authorities.** "To obtain approval of a Title I project, our housing corporation negotiated with the city's committee on sponsorship. This committee is a subcommittee of the city's slum clearance committee. Following the committee's independent investigation and hearing, our housing corporation was formally named as the project's prospective sponsor.

"In making its decision, the slum clearance committee gives consideration to the sponsor's financial soundness and stability."

- **Filing a bid.** "Our corporation then submitted a formal bid for the land. The amount of this bid was based upon the prior official appraisal and evaluation of the land by both the city's slum clearance committee and local representatives of the Federal Housing and Home Finance Agency."

- **Public auction.** "A public auction followed. The law requires that the award be made to the highest bidder. But under a new state statute, the designated sponsor may match the offer of the high bidder.

"This new law has never been used. But it is important to credit unions sponsoring housing projects. The reason for this is simple. Without the law, anyone else can outbid an approved sponsor who has already spent a good deal of time, effort and money on the project. But now the designated sponsor has another chance to raise his bid, if this should become necessary."

Adds another Chatham Green cooperator: "The purpose of our new law regarding bids for land on public auction is to protect the sponsor's venture money. This sum may run as high as one-half of one percent of the project's total cost. It represents the housing co-op's initial investment prior to acquisition of the property. These expenses usually include architectural drawings, pre-preliminary plans and literature for prospective cooperators. In our case, we obtained the necessary funds through a loan on the signatures of our housing co-op's directors."

Purpose

The purpose of cooperative housing is to provide the best possible living facilities at a price which the cooperators can afford. This means careful, long-range planning to keep acquisition and operating costs down. And it also means taking advantage of all low-cost financing and tax abatement opportunities.

These are the principal tools which New Yorkers have used in various combinations to reduce the costs and expenses of their cooperative housing projects: (1) land sales to builders at greatly reduced prices under the Federal Title I redevelopment program; (2) varying degrees of real estate tax exemptions, and (3) long-term state and city mortgage loans for 90 percent of costs at interest rates as low as 3½ percent.

History

Cooperative housing is not new to New York City. The first project was the Alku development of Brooklyn. It was established in 1918 under the sponsorship of the Workers Credit Union of Fitchburg, Massachusetts. Both the Alku cooperators and their Massachusetts sponsors were people of Finnish extraction, who sought to transplant European cooperative practices to their new homeland.

Following World War I, interest in establishing cooperative housing continued primarily among ethnic and occupational groups. During the early 1920's more groups became active in

Left to right:

William Reid, veteran credit union leader, has brought the strength of the Municipal Credit Union and the New York State Credit Union League to the support of cooperative housing in his city.

Shirley Boden, veteran co-op organizer, now serves as president of the Middle Income Housing Corporation.

Roger Schafer, secretary of the United Housing Foundation, points out that organizing a housing co-op takes plenty of time.

this field. In 1926 a law granting substantial tax benefits to these projects had the effect of creating a broader base of interested persons. The first project constructed under this 1926 law was built by and for the Amalgamated Clothing Workers Credit Union.

But it was not until the post-World-War-II housing shortage that these projects aroused wide public interest. Today there are more than 40 large cooperative housing developments in New York City, with a minimum of 280 dwelling units in each. These projects provide a total of some 43,000 apartments, housing more than 150,000 people.

Most of the families living in these projects are in the middle-income bracket. About one-fourth are in the upper middle-income category.

Housing shortages and the inability of middle-income people to obtain low-cost long-term financing, are the principal reasons for the continued growth of cooperative housing in the New York area.

Financing

The financing for these housing projects is usually obtained from banks or union pension funds. But the co-op members themselves finance a substantial portion of the building costs through individual down payments of several thousand dollars. In addition, each member shares in the maintenance and operating costs after he moves into the project. The costs are assessed monthly on the basis of previous experience. If actual costs are less than anticipated, each householder receives a pro-rata credit against future assessments.

Not all cooperative housing projects have been successful. Several of the early ones failed. These failures were usually due to similarity of occupation of the cooperator-tenants. Says one experienced credit unionist: "One of the important lessons which co-op housing people had to learn the hard way was that it is not practical to have a unit for people in exactly the same industry or occupation. When there is a depression in the industry, the householders are suddenly unable to maintain their payments for upkeep and overhead. Cooperative housing projects now try to diversify the occupational background of the cooperator-tenants as much as possible."

Today three non-profit corporations in New York City specialize in helping interested organizations to obtain financing, construction and technical assistance in planning and building cooperative housing units. These three are: Middle Income Housing Corporation, United Housing Foundation and Foundation for Cooperative Housing.

• **Middle Income Housing.** Middle Income Housing Corporation was organized in 1957 by four credit unionists. Chatham Green was its first project. The corporation's stock is held by the Fund for Urban Improvement, a non-profit membership corporation which promotes cooperative housing.

Two of Middle Income's five directors and four of the nine trustees of the Fund for Urban Improvement are credit union members. All directors of Chatham Green are either present or former credit union members.

The Municipal Credit Union is the sponsor of Chatham Green, Chatham Towers and the Division Street project. All three are cooperatives. The New York State Credit Union League is the co-sponsor of all three developments. The two sponsoring groups lend their names to the projects. Their members receive priority in the assignment of apartments. In all three projects the boards are composed primarily of board mem-

bers and officers of the two sponsoring groups.

The three projects will serve the needs of three areas of middle-income people. Chatham Green will provide housing for middle-middle income tenants; Chatham Towers for upper-middle income cooperators; and Division Street for lower-middle income households.. The developments are under construction, in the advanced planning stage and in preliminary planning, respectively.

All three developments are located in slum areas purchased after the city had condemned the property, following an appraisal by the co-sponsors. The city paid one-third of the difference between the cost of the condemned property and the value after razing of the buildings. The federal government—under Title I of the Federal Housing Act—paid two-thirds of the difference in cost.

Chatham Green will have 420 apartment units; Chatham Towers 225; and Division Street approximately 700. The down payment in the case of Chatham Green will be $850 per rental room; $900 for Chatham Towers; and $700 for Division Street. Upon completion of all three projects, their 1,345 units will provide housing for more than 4,000 residents.

President of Middle Income Housing Corporation is Shirley F. Boden, a long-time credit union enthusiast. Boden is also executive director of the Fund for Urban Improvement and executive vice-president of Chatham Green, Inc. Says Boden: "Municipal Credit Union is making loans to its members for down payments on these cooperative housing units. Thus far few members have requested loans for this purpose. But the important thing is that Municipal and other credit unions are providing their members with an opportunity to save the funds for down payments. This is a tremendously significant and necessary service."

Since Chatham Green is a Title I redevelopment project, former site residents have top priority for buying into the cooperative even over credit union members. This is one of the stipulations of the federal government in granting its Title I benefits. It is also a condition of the covenant with the City of New York.

A study of the first 400 applications for tenancy in Chatham Green shows this racial composition: 16 percent oriental, 6 percent Negro and 78 percent white. This mixture is typical of New York City's non-discriminatory housing developments. It also reflects the project's geographic location, adjacent to Chinatown.

The same study also shows that 38 percent of the applicants are credit union members.

• **Types of projects.** Five types of projects are adaptable to credit union sponsorship in the New York City area, Boden reports. "But," he adds, "frequently a combination of these development methods is both practical and desirable."

FHA developments—These developments primarily benefit middle-income people. They are privately financed. The government guarantees from 90 to 95 percent of the mortgages.

Limited profit housing companies—Middle-income groups are the principal beneficiaries of these companies. They are financed primarily through state and city loans, up to 90 percent of the project's value. These loans are repayable over 50 years. Limited profit housing companies may also receive partial tax concessions from the municipality.

Housing companies — Again middle-income groups are the bene-

(*Continued on page* 30)

MEMBERS' RECORD—POCATELLO, IDAHO, CHAPTER, JULY 31, 1959

Credit Union	Yr. Org.	Assets	Shares	Loans Outstanding	No. Loans	No. Members	Pot'l Members	% 1958 Div.	Av. Loan	Av. Share Acct.	Membership %	Chapter meeting attendance	Chapter workshop participation	League meeting attendance	Service on Chapter committees	Service on chapter board	Service on League committees	Service on League board
RR EMPL. FCU	1935	$1,794,497	$1,667,934	$1,521,761	1359	3053	3500	4.5	$1119	$546	.87	REGULAR	ALL	REGULAR	YES	YES	YES	YES
KRAFT EMPL. FCU	1935	151,241	139,633	131,393	143	295	350	4	919	473	.84	REGULAR		REGULAR		YES		YES
SEI-US EMPL. FCU	1935	118,966	106,210	103,495	163	320	360	4.5	635	332	.88	REGULAR	MOST	REGULAR	YES		YES	YES
POTELCO FCU	1937	326,646	242,963	305,789	328	630	800	5.4	932	386	.79	REGULAR	MOST	REGULAR	YES	NO	YES	NO
IDAHO CENTRAL	1940	138,433	90,343	134,136	189	403	?	4.5	709	224	?	REGULAR		REGULAR	YES	YES	YES	YES
CITY EMPL. FCU	1952	23,415	21,917	21,234	65	143	200	4.5	327	153	.71	OCCASIONAL	OCCASIONAL	REGULAR	NO	NO	NO	NO
STATE COLLEGE FCU	1952	45,559	42,666	43,679	58	173	300	4.5	755	247	.58	NONE	NONE	OCCASIONAL	NO	NO	NO	NO
WESTVACO EMPL. FCU	1953	255,876	162,721	246,103	393	675	705	4.5	626	241	.96	REGULAR	MOST	REGULAR	YES	YES		YES
NAT. LAUNDRY EMP. FCU	1953	37,976	30,574	31,440	51	123	200	4.5	616	240	.61	REGULAR	MOST	REGULAR	YES	NO	NO	NO
CARPENTERS FCU	1953	171,929	117,916	167,048	177	422	500	5	944	279	.84	REGULAR	MOST	REGULAR	YES	YES	NO	NO
POCHAY FCU	1953	72,596	49,331	71,566	130	203	330	5	551	243	.62	REGULAR	MOST	REGULAR	YES	NO	NO	NO
ZWEIGART EMPL. CU	1954	27,101	25,868	17,708	33	63	75	3	537	411	.84	OCCASIONAL	OCCASIONAL	NONE	NO	NO	NO	NO
B.M.H. FCU	1954	20,256	18,986	16,472	42	112	134	4.5	392	169	.84	OCCASIONAL	NONE	OCCASIONAL	NO	NO	NO	NO
INKOM CEMENT EMPL. CU	1954	29,231	24,573	28,209	50	100	125	4.5	564	246	.80	REGULAR	MOST	REGULAR	YES	YES	NO	NO
BANNOCK HOTEL FCU	1955	13,779	13,208	13,028	40	84	100	4	326	157	.84	OCCASIONAL	OCCASIONAL	OCCASIONAL	NO	NO	NO	NO
SIMPLOT CU	1955	18,835	17,699	14,308	64	112	230	6	224	158	.49	OCCASIONAL	NONE	NONE	NO	NO	NO	NO
TEACHERS FCU	1955	31,433	24,555	30,752	56	160	600	4	549	154	.27	REGULAR	SOME	OCCASIONAL	YES	NO	NO	NO
*TROY PARISIAN CU	1956	7,145	6,863	4,010	21	43	75	3	191	160	.57	OCCASIONAL	SOME	NONE	NO	NO	NO	NO
BANNOCK STEEL CU	1956	20,492	18,296	16,859	41	80	100	4	411	229	.80	REGULAR	SOME	REGULAR	YES	NO	NO	NO
I.B.E.W. CU	1956	29,062	27,062	25,657	56	138	400	4.5	458	196	.35	OCCASIONAL	OCCASIONAL	OCCASIONAL	NO	NO	NO	NO
PRCO CU	1956	10,879	10,490	10,477	32	44	60	4.2	327	238	.73	REGULAR	MOST	REGULAR	NO	NO	NO	NO
GRAPHIC ARTS CU	1957	6,125	4,742	4,184	24	63	65	3	174	75	.97	REGULAR	ALL	REGULAR	NO	NO	NO	NO
C.F. FCU	1958	4,391	4,422	4,139	28	70	350	NONE	148	63	.20	REGULAR	MOST	REGULAR	NO	NO	NO	YES
COUNTY EMPL. FCU	1958	2,394	2,389	585	4	57	150	NONE	141	42	.38	NONE	NONE	NONE	NO	NO	NO	NO
**BANNOCK L.D.S. CU	Aug., 1959	65	45			9	18,000	NONE										
TOTALS:		$3,358,322	$2,871,200	$2,963,984	3547	7575	27,709											

* Data for January 31, 1959.

** Data for August 31, 1959.

BEEFING-UP THE CHAPTER

In Pocatello, Idaho, the chapter members are going through a period of self-evaluation.
They have strong credit unions, but they need a stronger chapter.
But where do you begin? With higher dues? With a change in program?

Arnold Trappett is first vice-president of the Idaho League and chairman of the supervisory committee in a railroad group.

"There wasn't a credit union in Pocatello when I arrived here in 1919," reminisces veteran treasurer Francis V. Roche. "I remember, though, that there was a moneylender in town at that time who charged 10 per cent interest per month. All of those usurers are out of business now."

Roche is treasurer of the SEI-US Employees Federal Credit Union and one of the founders of the Pocatello Chapter. He is urging a bigger chapter budget, based on higher dues, and better programs. Others agree with him in principle, but the details are hard to work out.

Most of the Pocatello Chapter's 25 credit unions are located in the city, which is Idaho's second largest. Only 2 are located in smaller outlying communities, one in Inkom, the other in Montpelier. The chapter area has a population of 45,000, and more than 60 percent of these people are in the field of membership of at least one credit union. But of these 27,700 eligibles, which of course includes wives and children, only 7,566 so far have joined.

Greater Pocatello is primarily industrial. It has little farming. Manufacturing, railroads, construction, retailing and services provide most of the employment and income of the area. On July 31 last, the credit union members had shares of $2,871,155, or an average share account of $379. They held 3,547 credit union loans totaling $2,963,984, the average loan being $835.

"Our credit unions have had a good deal of influence in Pocatello," says one old-timer. "All financial institutions are aware of us. Our relationship with the local banks is friendly. I doubt that the finance companies are very fond of us, though; some of them have expressed dissatisfaction over the number of credit union members who pay off high-rate loans with credit union cash. In spite of this, however, no loan company has gone out of business in Pocatello in recent years—indications are that they are prospering."

Present small loan company rates in Idaho are 3 percent per month for the first $300, 2 percent for the next $200, and 1 percent for the balance up to $1,000. Two of Pocatello's banks charge 6 percent discount on personal loans, which is actually 12 percent true interest. The third local bank charges approximately the same rate, but states it in credit-union style as 1 percent per month on the unpaid balance. A large Pocatello department store charges 1 percent per month on revolving credit accounts.

Pocatello bank rates are not the same for all comers, however. Some

credit union members have been charged 8 percent discount. Says one credit union officer: "Some Pocatello credit union members can get credit from other sources. But most of our members depend on their credit unions as their only source of low-cost credit. They have to; I know, because I tried to borrow from a bank once and they turned me down."

There's a good spirit in the credit unions of Pocatello. Sylvia Marler, who is treasurer of the little Graphic and Allied Arts Credit Union with 63 members, says: "Our tiny credit union has helped three people who were really destitute. Today they are well on their way to pay off the balance of their indebtedness. Their self-respect has been fully restored. If our small credit union can help three people, look at what some of the big credit unions of Pocatello have done and can do."

Problem in wide spaces

But what's the next step for the 25 credit unions of Pocatello? This is a little puzzling. One problem is the fact that Idaho, with its small population and vast spaces, is never likely to have a big state league with a large staff. It looks as if the chapter may have to develop itself a little more than chapters usually do, if the credit unions in Pocatello are to get the service they need. This is why one chapter officer is proposing chapter dues of ten cents a member, and others are thinking along somewhat similar lines.

The chapter has to become an active arm of the league, as H. Everett Curzon sees it. Curzon is president of the chapter and treasurer of Inkom Cement Employees Credit Union. "We have organized some 20 new credit unions in the last eight years," says Curzon. "But we have neglected three important areas: we haven't given the new credit unions enough follow-up service, we haven't brought enough of the smaller credit unions into active chapter participation, and we haven't planned our meetings so that the experienced and the inexperienced would benefit equally from them."

But as the chairman of the dues committee, Thomas E. West, points out, "Our dues structure is badly in need of revision. Lack of adequate operating funds is one of our big problems. Our present chapter income is very small: two dollars per credit union plus 1 percent that the League turns back to us from our dues."

The dues committee has been considering an increase: thus far the maximum suggested has been 10 cents a member. "We feel this amount would be adequate to provide the services we need from the chapter," says West.

Analyzing the relationship of the local credit unions to the chapter is not too easy. The accompanying chart shows how the credit unions of Pocatello attend chapter meetings, how they serve on chapter and league boards and committees, and what kind of growth they have achieved. Of those that attend chapter meetings regularly, most show excellent growth; while some that do not attend regularly have not grown so well. Generally, growth shows a clear relationship to age, so that the credit union with the largest average share account and average loan also is one of the three oldest. Fifteen of the credit unions in Pocatello have regular attendance records at the chapter, and fifteen are regular in their attendance at league meetings. This has led to some soul-searching.

Special programs needed

"We could stand more activity in our chapter," comments Robert C. Smith, chapter vice-president and treasurer of the Idaho Central Credit Union. "I believe if we had a special program for each meeting, rather than a business meeting, we would be able to create more interest in the chapter among our member credit unions."

This is good as far as it goes, but others take it a bit further. "We should gear our meetings especially to the needs of small credit unions," urges Joe Garcia, manager of Pocatello Westvaco Employees Federal Credit Union. "This will draw more officers and committeemen from the smaller groups. They are very much interested in our work, many of them

Left to right:

Thomas E. West is chairman of the chapter's special dues committee, and treasurer of the telephone group.

Isabel Swisher, physical therapist, is treasurer of a hospital credit union.

Joe Garcia manages a credit union in a paper mill.

Below:

Willett O. Downey is treasurer of the city employees credit union.

Ruth Singleton and Frances West are part-time employees at the telephone credit union.

want help, but they are bored and disappointed when we use our meetings to discuss things that they're not interested in."

There is something in what Garcia says. The average potential membership of the credit unions that don't attend regularly is 189. The average of those that do attend regularly is 575. Even dropping out of the picture the big RR Employees Credit Union, with its 3500 potential, the average of those that attend regularly is still 350—twice the size of those that don't attend. Of course, there are exceptions. Graphic Arts and PRCO are faithful in their attendance, although their potential is only 65 and 60.

Roche agrees with Garcia. "We need a program which will give the small credit unions a larger share in workshops and other educational media. Our programs should be oriented toward these small credit unions."

The treasurer of a small group, Warren E. Kirkendall, spells this out very specifically. Kirkendall's I.B.E.W. 449 Credit Union has assets of $29,000. "We need a step by step program," he says, "telling us what has to be done on the first of each month, on the fifteenth of each month, and at the end of the year. Our standard workshop technique is not adequate for this. The large credit unions monopolize the floor during these ses-

(*Continued on page* 29)

MONEY..

Divorces occur most commonly among low-income families.

This fact, which is not widely publicized, takes a little of the force out of arguments that marriages break up mainly over alcohol, religious conflict, or sexual maladjustment.

Money management is important to a successful marriage, these experienced observers agree.

OUT of every four marriages today, one is headed for the divorce court. Sexual license and liquor have been traditionally considered major causes of marriage breakups; but since the great majority of divorces occur in the lower income levels, the presumption is strong that financial strains also play a big role.

Is it true, as Irvin S. Cobb once observed, that marriage is no longer regarded as a contract but as a 90-day option? If a man and wife find the going rough, should they take the simple way out and make use of the easy divorce laws? Or should they square their shoulders and try to get at the root of the problem? In some cases, to be sure, the marriage has been a tragic mistake and keeping the family together may be impossible. On the other hand, how often has careless money management broken up a home where there was love and all the promise of a happy marriage?

In 1946, 43 out of every 10,000 Americans sought and obtained a divorce. In 1870 there were only 3 per 10,000. Has human nature changed so much over the years? Fidelity and chastity may mean less today than they did to our great-grandparents. There has been a general relaxation of divorce laws; the stigma of divorce has diminished. But there is a higher marriage rate today, and there seems to be more serious discussion of marital obligations.

The divorce rate varies widely from state to state. Nevada granted 55.7 divorces per 1,000 inhabitants in 1950, while New York, which allows divorce only on grounds of adultery, granted .8 per 1,000.

Jobs have an influence

Marked differences in the divorce rate can be seen in occupational groups. According to one study professional workers and farmers are the least divorced. Proprietors come next, followed by clerks, skilled workers and semiskilled workers—in that order. Bartenders and farmhands appear among the most numerous divorce seekers.

A close correlation exists between the educational level and the divorce rate. The more education you have, the better your prospects for a lasting marriage. Similarly, the higher your salary, the greater are your chances of never visiting the divorce courts. Contrary to the popular impressions, it is the unskilled, the poor and the uneducated who most often find themselves in the divorce mills.

According to the 1940 census, Negroes had the highest divorce rate of four groups on a racio-national basis. They were followed by native whites of native parents. Native whites of foreign-born parents were next; foreign-born whites were lowest.

Any accurate appraisal of why marriages go on the rocks is unlikely. There is often great disparity between alleged reasons and actual reasons for divorce action, especially in states with conservative divorce laws. To complicate matters further, the parties involved may have little insight into the reasons for the failure of their marriage and may be ignorant of the true causes.

As grounds for divorce, cruelty is cited five times as often as it was in 1870. The meaning of cruelty has changed with time. In recent years mental cruelty has become more popular than the physical variety. Legal refinements of the term "cruelty" have become a joke. In one case, a woman

AND DIVORCE

was granted a divorce on the grounds of cruelty because her husband refused to let the cat sleep in bed with them.

Adultery, as grounds for divorce, is far less common than in years past; desertion, too, is less frequently claimed. Failure to support must, in some states, be associated with desertion. In other states failure to support must be "willful." The period of non-support varies—from as long as three years in New Hampshire to 60 days in Hawaii. One year is most common.

No truth in court

Collusion between the parties has become commonplace. Judges are well aware that there is collusion in most uncontested divorce cases, but they also know that there is little they can do about it. In the courts of at least one state, where adultery is the only legal grounds, it is common to introduce at a particular point in the testimony the fact that a shapely blonde in a pink nightgown made her presence known to the defendant in a particular hotel on a particular evening. The girl is always blonde and always wears a *pink* nightgown.

What are the primary reasons for divorce? Percentages drawn from court records may bear little resemblance to the actual facts. The grounds given are often chosen simply because they are the most convenient and the least odious. As already mentioned, promiscuity and liquor are common troublemakers; but poor money management often has a hand in destroying an otherwise salvagable marriage. Dr. Edgar T. Thornton, pastor of the Original Providence Baptist Church in Chicago and a recognized marriage counselor in the community, states that economic stress may be symptomatic of other troubles.

"There is a law in physics," says Dr. Thornton, "which states that stress at one point will set up stresses elsewhere. Much of the stress in our lives would probably never arise if we weren't geared by our present society to keep up with the Joneses, and pressured into living beyond our incomes. The ideally situated family is in the middle class; they aren't struggling with the wolf at the door, and they don't have the problems of the wealthy which come from having an excess of material goods.

"In a minority of cases," says Dr. Thornton, "the financial sore spot may be the only serious problem in the marriage. Not long ago I received a phone call from a young married woman who is a member of my church. She was on the verge of hysteria. She and her husband had been planning for some time to buy their own home, but their plans always seemed to be thwarted by the husband's careless money management—and in particular by his passion for buying a new car at least every year. He had just told his wife that he was planning to buy another. They had already lost a great deal of money and were in considerable debt because of his careless investment in automobiles. The wife said that if her husband went ahead and got the car she was going to leave him. They couldn't stand any more debts. They were already foregoing necessities simply because of his wild splurging on cars."

Dr. Thornton, who had organized the credit union at the church when he first came there, counseled with the husband and aided the couple in straightening out their debts.

Girls who prefer working

Dr. Thornton notes that the changed status of women in our society has had serious repercussions in the family structure. "Often a girl will hold off marriage or have no intention of ever marrying because of the ease and certainty of her own ability to support herself. A young girl may say, 'I have a good job, and none of the fellows I know can offer me any kind of security. In the meantime I have to watch out for my parents; they are getting on in years. Why should I marry into a lot of problems?

"Women are entering the labor market more and more as time goes on. The wife is no longer dependent on the husband for support. Problems arise as a result of the new-found independence of the wife, and the home is no longer such an important object of the wife's concern. The element of teamwork is essential for proper balance; with the wife working, this balance can't be achieved.

"The church's credit union," says

Dr. Thornton, "has done a great service in helping some of the members consolidate debts. In the educational sense it has helped by giving some of the members a systematic concern for maintaining the right economic balance in the home, and the provision of insurance has done its share to give the family some security."

Judge Richard Bardwell of the Dane County (Wisconsin) Circuit Court believes that communities would profit by having financial advisors available to serve families with budgetary problems.

"Divorce in a family with three or four children is a financial impossibility today, unless the family's monthly income is at least $1,000," says Bardwell. "The family's financial problem is only intensified if the marriage ends in divorce."

Money or love?

Judge Edwin M. Wilkie, also of the Dane County Circuit Court, spends much of his time presiding over divorce cases. With respect to financial stress as a factor contributing to divorce, he states, "People generally place a great deal of stock in their material welfare, and there is always some difference between the partners on how the money should be spent, regardless of income. However, in a family where there is love, the money problems seldom become crucial.

"In some cases a man is unable to make enough to satisfy the demands of his family and he'll be tempted to throw in the towel. The wife then has just grounds for complaint. The divorce that follows can be attributed to the fact that the husband can't satisfy the family's financial demands. And sometimes too, the wife will make unreasonable demands. Sometimes too much is done for the children.

"Once the wife and husband start to disagree, the financial problems become a natural bone of contention. At times the wife may suspect, if the husband is inclined to make all the financial decisions himself, that this indicates his lack of faith in her. She is entitled to the belief that marriage is an equal proposition. Or she may complain that the husband is penurious. He may not be penurious at all. Actually, the more dominant spouse is the better administrator as a rule, and he (or she) should take the re-

(*Continued on page* 26)

FROM THE MANAGING DIRECTOR:

"EACH ONE BRING ONE"

Do you credit union old timers remember that? That was the theme of many a credit union meeting in years gone by—and it was the manner in which many credit unions made a very rapid growth. Each member was supposed to go out and bring in another member during the next period of time — and quite frequently that was a short period, such as a month! And it worked then — and I believe it will work even now!

Contests—awards

Many credit unions have made use of all of these old techniques; there is nothing old fashioned about a basic truth, simply because it was discovered a generation—or 2,000 years—ago! How about setting up teams within your credit union (it could be quite a number of teams for a big credit union) and staging a contest to see which team can bring in the most new members?

How about some special recognition for all credit union members who bring in five or more new members within a year? The award-recognition can be a nicely printed certificate presented at the annual meeting or some important gathering that will give weight to the presentation.

We've got to tell them—and tell them again!

We have to use every method our imaginations can devise to tell the non-members about the advantages of membership. It seems so clear to all of us that it is hard to understand that non-members don't see those advantages. Yet, human beings are that way.

We must use direct mail, bulletins, bulletin board displays, radio and TV, member publications, personal contact—and just every way in the book to call non-members' attention to the advantages of credit union membership. There is no question but that highly publicized membership drives do reach some people who have not been reached by every other method we have used.

They have to be "tuned in"

All the TV broadcasting in the world would be wasted if the TV sets at home were not turned on—and tuned in to the proper channel. One of these days when there is a special drive going on or when some member drops a casual word, a non-member's eyes will light up and he will say, "Joe, why didn't you tell me about this credit union years ago?" You will be flabbergasted — but the real answer is that only then was this non-member's mind "tuned in" to pick up that credit union message that you had been beaming to him for years!

So, we keep telling the non-members—and telling them—and telling them again! Some day they'll be tuned in — and then they'll get that message!

H. Vance Austin

in the NEWS

The strained relationship between CUNA and the CUNA Mutual Insurance Society came close to snapping at the quarterly meetings in February.

Accused for some time of setting its own course without consulting the organized movement, CUNA Mutual precipitated the present crisis last November when it announced plans to set up a casualty company wholly owned by CUNA Mutual.

The executive committee of CUNA and 22 league boards have asked CUNA Mutual to put off this decision until the directors of CUNA can discuss it at their annual meeting in May. February 12 the CUNA Mutual board voted this down, but decided to defer action until the company's policyholders' meeting earlier the same week.

Charges and counter-charges were passed back and forth between the CUNA executive committee and the CUNA Mutual board. Bulky documented pros and cons will flood credit union mail boxes this spring.

If CUNA Mutual refuses to respond to the will of the organized movement, warned Julius Stone, president of CUNA, it may be necessary for CUNA to find other sources of life insurance for affiliated credit unions. The threat gained strength when it was announced that the new life insurance company of the Michigan League has paid a 30 percent dividend on loan protection, compared to CUNA Mutual's 17 percent.

Consumer credit increased in December according to Federal Reserve reports, but it was the smallest monthly rise since November 1958. Auto loans and home repair loans were down as compared with the previous December, but personal loans and financing of appliances were up. Credit unions and small loan companies loaned more than they did a year ago.

A bill to provide **"deposit insurance"** for state-chartered credit unions in Massachusetts has been introduced in the legislature, with the sponsorship of a credit union league that has no national affiliation. The affiliated credit unions, banded together in the Massachusetts CUNA Association, began to combat the bill last month. Mislabeled "deposit insurance", the bill actually provides no guarantees of any kind, but gives the Banking Commissioner more power to liquidate small credit unions.

An institute to commemorate **Msgr. M. M. Coady,** credit union and cooperative pioneer of Nova Scotia, has been established in Antigonish at St. Francis Xavier University.

The Illinois Share Guaranty Corporation has picked up $200,000 of loans for the liquidating Armour Employees Credit Union of East St. Louis, and made it possible for the credit union to pay off its shareholders completely. When the Armour plant was closed last summer, the credit union had over a million dollars in loans outstanding. It is the first big liquidation problem handled by the Share Guaranty Corporation, which was incorporated in 1956 under special legislation. At present, 650 state-chartered credit unions in Illinois are covered under the guaranty program.

A stabilization program on the Saskatchewan pattern has now been set up by the Alberta Credit Union League, effective January 1. This program is based on a fund in which participating credit unions deposit 5 percent of their net profits. It is administered by a six man board which includes the league managing director E. J. Ouellette and also Roy Hughson, W. H. Webber, W. W. Glover, G. A. Swales and James Lynn.

Herman Dooha has been appointed head of the Michigan League's technical assistance division, replacing **Bernard (Bud) Barker,** who begins a new assignment researching electronic bookkeeping . . . **William Solar** has joined the Manitoba League as field representative. . . . **James Parker,** once managing director of the Texas League, has been named a vice president of the Federal Reserve Bank of Dallas . . . **James Findlay** and **Edwin Yeager** have joined the field staff of the Pennsylvania League . . . **Ray C. Ferreira** has been named director of special services for the California League, succeeding **Charles E. Sheline,** who recently resigned . . . **Ray Hyde** of the Ontario League has joined the CUNA organization department; **Wayne Hall** of the Utah Central Credit Union has joined the CUNA insurance services department . . . **Barry Charlebois** has been appointed office manager and auto insurance supervisor for Alberta League, and **Bernard Martin** has been appointed field representative with publicity duties.

Members of the **Noble County Credit Union,** Indiana, have voted to reorganize. This credit union, which has never been affiliated with the Indiana League or CUNA, turned up a record embezzlement of more than $2 000,000 last year—as a result of which manager Arnold Hobbs went to jail. (See The Bridge, August 1959.) The members have taken a 70 percent scaledown and will start again.

When the plants were closed down
nobody foresaw a 116-day strike

PREPARATION PAID OFF

In the steel area around Pittsburgh, credit unions faced the strike calmly and came through without much trouble.

"Give unlimited service" is the advice of one credit union officer to anybody who has a strike to deal with.

"OUR members were on strike for 116 days last year," says 33-year-old Stephen E. Krall, a Jones & Laughlin stockman and treasurer of J & L Hazelwood Employees Federal Credit Union in Pittsburgh. "The effects of this strike will be with us for a long time to come. Many of our members suffered severe hardships. But the credit union continued to help them throughout the emergency. The members' confidence in their credit union today is stronger than ever."

When the strike began last July 15, the J & L credit union had 500 members, $53,500 in shares, loans amounting to $56,000, and $10,000 in cash. On November 30—five days before the members' first post-strike payday—the group had the same number of members, $50,790 in shares, outstanding loans amounting to $61,800, and a cash balance of $3,600. During these four and one-half months J & L made 126 loans—more than twice the number of loans granted during the preceding five-month period.

During the strike, the credit union restricted all share and loan payments for living expenses to a single weekly check of $50 per member. But members were free to borrow or withdraw additional funds for car, mortgage, rent or utility payments.

At strike's end, some 98 percent of the J & L loans were delinquent. Only those which had been refinanced during the strike were current. But by mid-December — within two weeks after the first post-strike payday—85 percent of the delinquent members had completely wiped out their interest backlog.

Loyalty demonstrated

"Our repayment experience since the strike's end has shown us that the members have a real feeling of loyalty toward the credit union," says Stephen Krall. "We do not have payroll deduction. Some of us wondered what the members would do with their first paychecks after months of dire need. But our concern was misplaced and unnecessary. Dozens of members, whose families had just gone through four and one-half months of privation, made it a point of honor to seek me out and make interest payments. A few even made payments on the principal of their loans."

Krall continues, "Our board decided that we could not and should not remind the members of their credit union obligations until they have had time to buy some of the necessities whose purchase had to be postponed during the strike. We stood by this decision. Every payment on interest and principal which we received last December was made at the member's own initiative. We feel that there could be no stronger proof of the value of character as security for a credit union loan."

How did other steel groups weather the strike? Their experiences varied, a Bridge survey of eleven Pennsylvania credit unions reveals. Eight of these groups were on strike for the full 116 days. In two credit unions the strike lasted only a few weeks. And one group was laid off for twenty-five days because of lack of materials.

The assets of these eleven credit unions vary from $61,000 to $2.8

million, their members from 370 to 4,036, and their age from 17 to 25 years. They serve a combined membership of nearly 17,000. Their joint assets exceed $10 million.

"Strikes are nothing new to us," points out communications repairman John E. Parfitt, treasurer of Edgar Thomson Works Employees Federal Credit Union in Braddock, Pennsylvania. "We've had many strikes in our industry. We know how to handle them."

How did these experienced Pennsylvania groups handle their strike problems? Each developed its own procedures. But in several respects, the eleven groups adopted similar practices.

• **Advance planning.** Each of the eleven groups prepared itself for the strike. The timing and extent of these preparations varied. One credit union made its plans as early as January, 1959. Two other groups waited until July and September, respectively. But the majority completed their preparations between February and June. Comments one treasurer, "We knew that the strike was coming. Of course we had no way of guessing its length. But it would have been foolhardy had we not taken the necessary steps to get ready for it."

The extent of pre-strike preparations varied substantially from group to group. But each of them sought to strengthen its cash and liquidity position. Some groups made very detailed plans concerning lending and withdrawal policies. And a few made arrangements with their labor union and company management to assure continuous access to the credit union office.

• **Business as usual.** Throughout the strike (or lay-off) weeks, the eleven credit unions kept their offices open on a "business as usual" basis. One group which during normal times has no specific office hours, made it a point to announce regular hours for the strike period. And three groups arranged to double their business hours to improve membership services.

"Ordinarily our office is open for six hours weekly," reports treasurer Ralph Zoerb of Spang Chalfant Etna Employees Federal Credit Union in Pittsburgh. "But during the strike we were open twenty hours each week. We also changed our disbursement procedure. Normally we write checks only once each week. But throughout the strike we made daily disbursements. This practice enabled us to meet our members' emergency needs more quickly. It also saved the members the cost of extra carfare and gasoline."

• **Emergency loan policies.** The majority of the treasurers report that their groups continued normal loan policies throughout the strike. But they discouraged unnecessary borrowing. Comments Frank Tokay of Donora (Pa.) Wire Works Employees Federal Credit Union in Donora: "We told our members when the strike began that we would continue to operate normally. We did just that. During the early weeks we even made a considerable number of automobile loans for 1959 cars. At no time did we place any restriction on borrowing. But when members were re-

BELOW:

Gloria Mahelko is treasurer of Page Steel and Wire Federal Credit Union at Monessen. Clifford P. Myers is president.

Stephen E. Krall, fond father, is treasurer at J & L Hazelwood Employees Federal Credit Union, Pittsburgh.

ceptive to the suggestion to economize, we encouraged them to keep their borrowing and withdrawals down."

Duquesne Works Employees Federal Credit Union of Duquesne used a slightly different approach. Its membership of 3,526 had shares of $2,474,030 on June 30, 1959. Five months later—before the group's first post-strike payday—Duquesne had 3,528 members with $2,380,944 in shares. During this period Duquesne made loan and withdrawal payments of $750,000.

Says Duquesne's treasurer, Raymond Steputis, "Our board asked the credit committee to change its liberal loan policy to a conservative one for the duration of the strike. The committee granted loans throughout the strike, even for automobiles and other capital purchases. It conserved our funds by telling the members to borrow minimum amounts and to return later if more funds should be needed. But if a member was able to convince the committee of his needs, then he was able to obtain the amount for which he had applied. We had adequate funds throughout the strike period."

Several groups found it necessary to adopt more restrictive policies. Edgar Thomson Works reduced its character loans to $200 plus shares. Iron and Steel Employees Federal

LEFT:

T. W. Read, on the phone, is treasurer of the Pittsburgh Steel Monessen Employees Federal Credit Union.

Raymond Steputis (center) is treasurer of the Duquesne Works Employees Federal Credit Union. Albert Vash and Arthur Burton are assistant treasurers.

Credit Union, Donora, established several classes of borrowers with signature loan limits from $100 to $400. And Pittsburgh Forgings Federal Credit Union, Coraopolis, set a $100 limit for unsecured loans. "We had to discriminate in favor of seniority," reports treasurer H. H. Hoover. "We felt that we could lend only to members with enough seniority to assure their return after the strike."

• **Finding enough cash.** Planning for maximum liquidity before the strike paid off handsomely, the surveyed treasurers report. "But this still doesn't mean that we were able to get through the strike without much additional hard work," explains one of them. "Our advance preparation only laid the foundation on which we built continuously as the strike progressed."

Eight of the eleven groups liquidated some of their investments during the strike. These investments were of two kinds—savings and loan association certificates and government bonds. Each of the eight credit unions cashed in some savings and loan association investments; the total for all groups was slightly above $1 million. Only two groups liquidated government bonds; the amounts were $50,000 and $32,000.

Six of the survey groups borrowed from $5,000 to $540,000 during the strike. They obtained these funds from credit unions, banks and savings and loan associations. Most groups borrowed from one credit source only. But at least two credit unions borrowed from both banks and credit unions. One group made use of all three credit sources.

Interest charges for these loans varied sharply. The most favorable rate was 3½ percent, the highest was 6 percent. Average interest charges were under 5 percent.

The cost of borrowing increased as the strike lengthened, one treasurer found. On August 20 his group had borrowed $100,000 from a bank at 3½ percent. But 41 days later, on September 30, his credit union paid 5 percent for a $50,000 bank loan.

Several groups, however, were able to reduce their net borrowing cost to a substantially lower rate. They borrowed up to $9,000 from savings and loan associations, using their $10,000 savings and loan certificates as collateral. The gross rate of these loans was not particularly favorable. But the net cost was extremely attractive. Explains one treasurer, "By borrowing from savings and loan associations against our certificates, we are able to continue to receive a good dividend on our investment. And by deducting these dividend earnings from the gross interest charged for our loan, we reduced the effective net cost of these loans to 1 percent or 1½ percent. During these times of high credit cost this is an extremely attractive rate."

• **Board and committee activity.** Many boards held special meetings at least once each month during the strike. Beyond this, they tried to keep in touch with the membership. In most cases, board contacts were continuous, loose and informal.

Supervisory committee functions continued normally during the strike weeks. None of the groups reports extraordinary activities by their supervisory committees.

But credit committees were very active throughout the strike. Their work required much extra time. In many groups the committeemen met daily.

One large credit union required all borrowing members to make new loan applications every two weeks whether or not they needed additional funds. Reports the treasurer of this group, "This device helped us to stay in close contact with our borrowers. It also enabled us to keep our loans up to date."

• **Aids and resources.** How were the members able to survive four months without a paycheck? This question puzzles even some of the strike-experienced treasurers.

Credit union loans, and "rainy day" withdrawal payments, played an important role during the strike, the

treasurers believe. They know that small loan companies lent funds to a minority. And they say that another very small part of the membership borrowed from commercial banks.

Other aids received by striking members include: (1) Salvation Army food certificates; (2) food vouchers; (3) union cash donations: (4) union food donations; (5) local canned food drives; and (6) contributions by maintenance employees who worked throughout the strike.

A small group of qualifying members obtained public assistance. Members who were laid off because of materials shortages were entitled to apply for unemployment compensation. And following the strike's end in mid-November, most managements offered their returned workers interest-free loans, payable in installments over one or two months. The amounts of these loans varied between $50 and $100.

Many members tried to obtain full-time or part-time work during the strike. But only a small number were able to find either. Part-time employment was scarce, and full-time work was almost completely unavailable.

Sums up one treasurer, "After adding all of these resources, I feel that they do not present the full picture. These loans, withdrawals, donations, contributions and part-time earnings simply were not enough to sustain the members' families for four months. I believe that there are at least two further factors which played an important role in sustaining our members during these critical months. (1) Contributions by relatives of the members. These were of three kinds: cash, goods and free living quarters. (2) And additional cash reserves kept under mattresses, in sugar boxes, stockings and elsewhere."

Adds another treasurer, "If our assumption of hidden cash reserves is correct, then our educational program has failed at least in part. It is obvious that we should try to teach our members that funds hidden in mattresses and sugar boxes are neither safe, productive nor helpful to fellow-members. And it seems to me that the best time to start on a campaign of this sort is right now."

• **Delinquencies.** Short-term delinquencies rose significantly during October and November. In many instances they reached 50 percent. And in some credit unions they were as high as 95 to 98 percent.

But experienced treasurers were not alarmed about the sharp rise of delinquencies. They consider these developments inevitable and purely temporary, and were satisfied that the borrowing members would meet their obligations as soon as a new labor contract was signed.

"We've gone through this kind of thing before," explains W. T. Read, long-time treasurer of Pittsburgh Steel Monessen Employees Federal Credit Union in Monessen. "In the past, our members have resumed payments as soon as they could after a strike. And we are confident that their actions this time will parallel our previous experience. Our members view the credit union as a friend who stands ready to help them in hard times. They are eager to do their part to strengthen their credit union so that it can help them with future needs."

PREPARATION PAID OFF

Delinquencies always increase, but the members always come in and start paying when the strike is over.

• **Bringing delinquent loans up-to-date.** Most of the eight groups which bore the full length of the strike, are working on a two-step program to put their members' loans on a current basis. They are collecting all unpaid interest, and as soon as the interest backlog is cleared up, they rewrite the loans through extension agreements.

• **Credit union philosophy.** How much of a strain is a strike on credit union philosophy? Can you go on indefinitely giving your members normal service? Or do you have to start protecting your credit union at some point?

The consensus of the eleven Pennsylvania credit unions is that members should receive normal services as long as possible. The majority agree that there may be a point at which the credit union should start to protect itself. But one group would continue making loans as long as it has funds.

Here are the views of nine treasurers:

Donora Wire Works—"When cash on hand or borrowing power have gone down to 10 percent of shares, then the credit union would have to stop making loans and give first consideration to share withdrawal requests. It is even possible that the situation could become so difficult that share withdrawals would also have to be limited. It might become necessary to invoke a waiting period."

Duquesne Works—"A strike is not a strain on credit union philosophy. It is an opportunity to apply and prove its true values. Naturally the board and committees must at all times bear in mind their responsibility to protect their credit union's interests. But this does not mean that these interests at any point represent a conflict with the interests of the members. The exact contrary is true because the real interest of the credit union is the interest of its members."

Donora Iron and Steel—"I do not think that a strike is a strain on credit union philosophy. As long as the board sets up adequate rules to restrict unnecessary borrowing during the strike, there is little danger to the credit union's safety."

J & L Hazelwood—"We turned down five loan requests during the strike. Four were made by members whose payment records before the strike had been unsatisfactory. And the fifth was from a member who wanted to borrow $800 to buy furniture. We consider this caution in granting loans adequate to protect our credit union. And we intend to go on granting loans as long as we have the necessary funds."

Page Steel and Wire—"In a previous strike, some three years ago, our board decided after six weeks of normal operations that it would be essential to approve loans only in the event of an extreme emergency and to limit each member's share withdrawals to $50 per week. Fortunately, the strike was settled at the end of the sixth week and our board's emergency measure was never put into effect."

Pittsburgh Forgings—"We must protect both the members and the credit union. We cannot take risks. Nevertheless we have to help the members in every possible way."

Pittsburgh Steel Monessen—"If the strike continues, we will have to protect our credit union. Otherwise, we will protect our members as long as we can.

"We would restrict borrowing,

if necessary. But we would not limit withdrawals unless dire urgency should force us to do so. We feel that as long as we have the policy of honoring all withdrawals immediately, the members' confidence in us will remain constant. And we consider this confidence essential to good credit union operation."

Spang Chalfant Etna—"I think that at some point we will have to start protecting the members who have their savings in the credit union. But our board has not decided where this point lies."

Edgar Thomson Works—"Our board decided that we would completely stop making loans if our cash and investment reserves should drop to the $100,000 mark. We did this to meet the philosophy of the credit union movement: to provide funds for a rainy day. We felt that if we should go down to $100,000, the rainy day would be here. And we believe that in such an event we are duty bound to protect our saving members and to have the funds ready for withdrawal as needed."

"TRUTH IN CREDIT"

Congressmen find much to admire in the simple language of the Federal Credit Union Act.

(*Continued from page* 1)

the merchandise as separated from the price of credit. In any event, credit is so easy to get that the burden is lightly assumed.

For many products and services, credit has become a merchandising tool. It enables people to own the latest cars and appliances, to travel now and pay later. It is even an income tax gimmick. "Use your credit card and consolidate your expense records for income tax purposes."

But credit is more than a merchandising instrument. It has become a profitable line of merchandise in itself. The merchant who charges a $5 service fee plus 3½ percent monthly interest on a $100 credit transaction comes off far better than a lending institution operating at the same 3½ percent rate. The $5 fee shoots the "simple annual rate" earned on the store's capital way up. Congress is well aware of this.

In all lines of retailing and service, businessmen have sensed that there is often more profit in selling credit than there is in selling merchandise. So the most creative minds of the merchandising and financial worlds have teamed up to invent attractive sales arrangements which lure consumers into buying credit as well as fancy new gadgets and services.

Department stores are in the banking business with revolving credit plans; banks are in retailing, with credit cards that can be used for charge account purchases almost anywhere in town. With all the high pressure advertising that promotes these services, consumers are helpless to estimate the price they pay for the convenience stemming from these services.

Credit merchants have a competitive advantage over financial institutions conducting conventional credit businesses. Even a bank or small loan company states its "price" in terms which are easily understood. The credit merchant sugar-coats his "loan" by lumping portions of the financing cost into the "price" of the product, or by disguising it as a "service" charge.

Congressional interest in the problem was originally aroused by concern over the continuing rise in the volume of consumer debt. The rise was $5 billion in 1959 alone, an amount exceeded only by 1955, when the auto industry ran wild with high pressure selling.

Few favor controls

A top-heavy Congressional majority now seems to agree that consumer credit control would be neither practical nor effective. On the other hand, Congress has no obligation to stand by while deceptive promotion is used to stimulate over-use of credit.

The joint economic committee early this year raised the issue in its report on "Employment, Prices and Growth," with a declaration that one of the consumer's major problems when he borrows money is a lack of specific information on cost.

"Rates expressed in monthly terms, discounts, service charges, and interest charges based on principal instead of the unpaid balance, grossly understate the amount which consumers pay for their loans," the committee said. "In addition the terms are often hidden in the small print at the bottom of the contract.

"So that consumers may be more fully aware of the actual costs of borrowing," the report said, "we recommend that legislation be passed which would require that these costs, expressed in an annual average interest rate on the unpaid balance, should be clearly stipulated in all consumer loan contracts."

Congressional intervention is expressed at the moment in S.2755, a "truth in credit" bill which Sen. Paul Douglas (D., Ill.) introduced when Congress assembled in January. His bill—endorsed by twenty Senators from both parties—will provide a starting point when the banking and currency committee has its hearings.

Rewriting is inevitable

The Douglas Bill is admittedly a rough draft, likely to be substantially revised. To get the discussion into focus however, it proposes to get truthful disclosure of credit costs under a regulatory system operated by the Federal Reserve Board. "Prior to the consummation of the transaction," it states, persons who extend credit are to provide the borrower "a clear statement in writing setting forth the total amount of the finance charge to be borne by the borrower" and "the percentage that such amount bears to the outstanding principal obligation, or unpaid balance, expressed in terms of simple annual interest". The bill applies to residential mortgages as well as short-term consumer credit.

"It is not my purpose," Senator Douglas explains, "to *control* consumer credit. I believe the consumer is his own best credit manager, provided he has all the facts about the cost of credit."

In too many instances, the Senator observes, the consumer who signs a document has to be a lawyer to understand the fine print, or an expert in higher mathematics to compute the cost in simple annual terms. "The average consumer," he contends, "cannot make national choices in a free, competitive economy unless he is an informed consumer."

Despite widespread support for "truth in credit" legislation, the Douglas Bill is likely to go through some changes before it emerges from committee.

As it stands now, for example, the bill only requires that borrowers get

a statement in writing "prior to the consummation of the transaction". Many experts familiar with the problem agree this is too late to curb the evil, where loans are disguised as sales. They will insist that disclosure appear in the initial advertising, so that the consumer is on guard before he makes his decision to buy.

Needless to say, Senators will be getting a lot of advice when they sit down to consider the impact of the Douglas bill. The richest and most powerful financial and merchandising organizations in the nation all have a stake in the bill. They will want to make sure that it doesn't hurt too much.

Use of the expression "finance charges" instead of "interest" in the bill was no accident. Sponsors were forewarned that in the world of credit, lawyers recognize the validity of service charges as an ingredient in "credit price", as against "cash price". If the bill were based on the term "interest" instead of "finance charge", merchandisers could continue lumping service charge into price, and emerging with an "interest" rate which would seem moderate and competitive.

Credit unions certainly give consumers their best break in terms of reasonable charges and honest disclosure. Yet credit unions too will want to make sure the banking and currency committee exercises care in whatever it ultimately reports to the Senate.

Under the Douglas Bill, credit unions and institutions which are adequately regulated by federal and state agencies might be exempt from the "truth in credit" program, if the Federal Reserve Board decided to grant the exemption. Nevertheless, the exemption is optional. It couldn't be counted on, particularly if the "truth in credit" law turns out to be tougher than existing regulatory agencies require.

Annual interest

On the basis of current approaches, for example, credit unions might have to state their terms as 12 percent "simple annual interest", instead of 1 percent per month as allowed under the federal credit union act.

Actually, the sponsors of the bill are quite aware of the merits of credit unions and the federal credit union act. Fundamentally their problem is to arrive at a bill which makes sure that the cost of credit is stated in terms which are readily understandable, and sufficiently specific so that comparisons can be made.

In the search for language to define the information the public ought to get, it will not be at all surprising if the sponsors of "truth in credit" end up borrowing from the federal credit union act.

Specifically, they look with admiration at the portion of Sec. 8 (5) which specifies that credit union officers may approve loans at rates of interest not exceeding 1 percent per month on unpaid balance, "inclusive of all charges incident to making the loan." Here, with economy of words and unmistakable accuracy, they say, Congress has expressed for credit unions exactly the kind of standard which eliminates any doubt of the price the consumer is paying for credit.

Any old yardstick

One of the major controversies to be resolved will hinge on the term "simple annual interest". Some supporters of "truth in credit" legislation are tightly wedded to this concept. They say it provides a clear yardstick that puts all loans on a comparable base. Others who favor the principle of "truth in credit" legislation fear, however, that last-ditch efforts to retain a "simple annual interest" yardstick could wreck the project.

Much of the country still adheres to what is commonly called the "6 percent folk myth"—that any interest in excess of 6 percent annually is "usurious". Large numbers disguise some of the cost as service charges, or by stating it in monthly terms.

Many reputable businessmen would bristle if Congress tried to enforce a "simple annual interest" yardstick. Just as credit unions might be reluctant to talk about 12 percent interest, so merchants who charge 3½ percent per month would cringe before identifying their businesses with 12 percent rates.

In the credit union act and other legislation, Congress has already established its willingness to state interest in terms of a monthly rate. "Our purpose is to provide consumers with a useful yardstick," say some of the experts interested in this bill. "What difference does it make if the yardstick is in terms of a monthly rate, which is a widely acceptable practice in the consumer credit field, instead of an annual rate which would be shocking and distasteful? The main thing is to see that the 'financing rate' covers all the credit costs the purchase assumes. Once the finance charge is identified, the consumer has a yardstick, whether it is in terms of a monthly rate or an annual rate."

State vs. federal

A "states rights" issue also bulks large. Trade groups and state regulatory agencies are becoming more sensitive to the need for "truth in credit" protection, but many object that a federal program would interfere with the work already being accomplished at state levels. One viewpoint already heard in Congress is that federal "truth in credit" legislation should be confined—at least for the present—to lending activities of federally chartered institutions like national banks, savings and loan associations and federal credit unions.

While coverage would be limited, it is contended, the changes for early approval would be much better. Once on the statute books, the federal "truth in credit" law would become a "model law." States and local authorities would be under continuing pressure to measure up to the standard.

Also to be resolved during the committee hearings is the matter of credit advertising. Many sponsors of the legislation are determined to get this covered in the bill. Apparently the omission in the original draft was partly tactical, to assure that the Douglas Bill would go to the banking and currency committee, which handles Federal Reserve legislation instead of the committee on interstate and foreign commerce, to which would go any bill concerned with the regulation of advertising.

Legislation directed at advertising in the credit field is likely to lead to jurisdictional problems inherent in any regulatory plan which seeks to influence the action of local businessmen not engaged in interstate commerce.

During World War II, the Federal

Endorsed by CUNA Executive Committee—At its quarterly meeting February 13 the CUNA executive committee approved in principle the Douglas Bill, pointing out that the credit union movement has always believed in clear statements of costs that borrowers can understand.

Reserve Board under the war powers act was able to prevent advertising of consumer credit terms which conflicted with the government's Regulation W. In peacetime, the Reserve Board might not be able to enforce a disclosure law in advertising, particularly by small retailers.

Even the Federal Trade Commission, which is responsible for the enforcement of laws against deceptive advertising, faces jurisdictional issues when it attempts to deal with retailers who operate entirely within a state.

With so many Senators aroused about deceptive credit, however, the FTC can be expected to explore devices to encourage truthful disclosure of credit terms. One answer may be through the Commission's bureau of consultation, which often goes beyond legal formalities to obtain higher levels of truthfulness in advertising. Along this line, the FTC might be induced to consider a trade practice conference, in an effort to induce financial institutions, business associations and others to agree on advertising procedures which would assure the consumer that he would have clear information about the true cost of his credit purchases.

SAVINGS IN CANADA

More than half of the savings accounts in Canadian banks contain less than $100

(*Continued from page* 3)

If you analyze the figures for the liquid asset holdings of Canadian individuals and families, for instance, you find that only 28.3 percent have no liquid assets. Some 37 percent—a total of nearly six million people—have potential savings of $1,000 or more. Here is a breakdown of average holding of liquid assets, by income groups:

Income	Average Liquid Assets Holding
Under $1,000	$ 943
$1,000-$1,999	$1,040
$2,000-$2,999	$1,033
$3,000-$3,999	$ 788
$4,000-$4,999	$1,461
$5,000-$6,999	$1,684
$7,000-$9,999	$3,706
$10,000 and over	$8,952

It's impracticable to break down these figures into savings by age groups, but here are the average liquid asset holdings of the $5-7,000 annual incomes group:

Age Group	Average Liquid Holdings
29 and under	$ 753
30-39	$ 933
40-49	$ 970
50-64	$2,280
65 and over	$4,367

There are no statistics in show how savings vary among occupational groups in Canada, but it might be helpful for credit unions to study this table, showing the average income of various occupational groups.

Occupation	Average Income
Architects and engineers	$14,581
Doctors and surgeons	$13,978
Lawyers and notaries	$13,244
Accountants	$10,879
Dentists	$10,234
Investors	$ 6,233
Other professionals	$ 5,711
Salesmen	$ 5,354
Business proprietors	$ 5,238
Fishermen	$ 3,754
Farmers	$ 3,939
Nurses	$ 2,335

Geography also plays a great part in the Canadian's earning power. Most people, of course, have little choice about where they work. But credit union members in the following dozen cities have the good luck to be working in the areas where Canadians earn the most money.

City	Average (per capita) Income
Sault Ste. Marie, Ont.	$4,460
Sarnia, Ont.	$4,418
Sudbury, Ont.	$4,279
St. Catharines, Ont.	$4,236
Flin Flon, Man.	$4,210
Trail, B.C.	$4,181
Oshawa, Ont.	$4,154
Welland, Ont.	$4,137
Calgary, Alta.	$4,118
Brampton, Ont.	$4,111
Vancouver, B.C.	$4,106
Hamilton, Ont.	$4,105

Considering this high level of earning, it is surprising that Canadian bank savings accounts are not larger. Of the total of 9,541,142 savings accounts in Canadian banks at the end of 1958, 5,005,640 contained less than $100. Another 2,987,386 held between a hundred and a thousand dollars, while less than 70,000 accounts were for over $10,000. Canada's nine chartered banks, incidentally, in 1958 had net operating earnings of $153 millions.

An increasing share of Canadian savings have been going into pension plans, thus draining off funds which might otherwise go to credit unions and other savings agencies. There are now about six hundred trusteed pension plans operating in the country, covering close to a million employees. While 20 percent of those covered make no contribution to their plans, the balance of the employees contribute more than $200 millions a year. They have increased the assets held by these funds to over three billion dollars. As more and more union contracts are demanding some form of pension plan in their contracts, this promises to be a rapidly growing field for the investment of Canadian savings.

Share Capital, Deposits and Total Assets per Member in Canadian credit unions

Province	Share capital (1958 Per member — dollars —)	Deposits	Total assets
Newfoundland	98	4	115
Prince Edward Island	125	11	154
Nova Scotia	192	5	215
New Brunswick	156	2	174
Quebec			
Desjardins	35	480	543
Que. League	284	—	298
Mtl. Fed'n.	57	774	890
Ontario	236	59	335
Manitoba	278	58	374
Saskatchewan	415	93	547
Alberta	293	17	334
British Columbia	385	21	453

(In Quebec, the oldest and largest group is the French-speaking Desjardins group, in which most savings are handled in deposit accounts. Elsewhere, however, practices vary little.)

About a quarter of the average Canadian family's income goes for food; another 17 percent is spent on housing, fuel, light and water. Nine percent is paid for clothing, and a significant 10 percent is spent on buying and operating the family automobile. Recreation, reading, smoking and alcohol account for nearly 8 percent.

Failure to save more explains the great amount of foreign capital that has been flowing into Canada since World War II. The U. S., for example, has been pouring investment capital into Canada at the astonishing rate of

$3 million a day since 1947, and American investors now control over half of the country's productive enterprises. This is not an unfriendly invasion, but if Canadians wish to continue exercising control over their economic destinies in the next decade, they will collectively and individually have to save even harder than they did in the last ten years.

MONEY AND DIVORCE

Adequate income isn't adequate for people who don't know how to handle a budget.

(Continued from page 14)

sponsibility of looking after the family's finances.

"Often it is difficult, with the high cost of living, taxes and so on, for the husband to meet the financial demands of his family with his limited income. There is always a big temptation to buy on credit. Medical bills may crop up unexpectedly. With such a hand-to-mouth existence there isn't much time left for romance. The financial problems that arise can often lead to bickering, drinking, adultery and eventually to divorce. The wife, too, may look to someone else for the romance that has been blotted out by domestic squabbles over material matters.

"The divorce that follows may solve one problem, but this is replaced by a greater problem of supporting two households on one income. The husband can't be expected to live in a hole in the wall. The needs of the children probably suffer more than those of anyone else.

"The effects of the broken home are manifold," says Wilkie, "and it is the indirect effects which are most far-reaching. The children may become delinquent because of the unhealthy home environment; this in turn affects the entire community.

"Unsatisfactory financial circumstances may do great damage to the husband's self-confidence. When a fellow loses his job, his wife will as a rule stick by him. On the other hand she may chide him about his inability to keep a job. Her family may jump on him. He may take to drinking, consorting with other women and eventually leave home. Serious conditions such as these follow rather than precede strained economic circumstances."

Judge Wilkie points out that credit unions have often been the only source of funds for families with emergency expenses, but that credit unions have also rendered a disservice sometimes by making money too available. "A fellow with a family to support may take undue advantage of the opportunity to borrow money," says Wilkie, "get himself a big, expensive car which he doesn't need and then be unable to provide for his family's necessities after meeting the monthly payments on the automobile."

Judge Wilkie cites three divorce cases in which the husbands had more than adequate incomes but where common-sense reasoning about money matters was lacking:

A young man was set up in business by his father. His operating capital, however, was not what it should have been. The wife felt that her spouse had "arrived" and she spent money accordingly. They became ardent party-goers; the husband's business fell to pieces and the marriage failed.

Their marriage had begun with every prospect of success. They had been deeply in love, had courted for a long time and had a fine relationship with their children. Yet, due to foolish extravagance their marriage failed.

Disappointed his wife

Another young husband tried to make a go of the sign business, but he didn't have that certain something necessary for success. His wife was disappointed and did not hesitate to let him know it. He quit his business and got a job tending bar. Again his wife was disappointed and expressed herself fully. He started keeping company with another woman, and eventually left home. The marriage fell apart because of the husband's inability to satisfy the needs of his family and because of his wife's nagging dissatisfaction with his failures.

A professional man with a big income had everything he needed, apparently, for a happy marriage. His wife, however, did not realize the expenditures required for her husband's business; she seemed only aware of the gross income figure. They bought a beautiful house and furnished it according to the wife's extravagant tastes. They became so deeply indebted, in spite of his large income, that he became a kind of indentured servant. He began running around with his secretary and it was not long before his marriage broke up. This man and wife, too, had been in love. His income was actually more than enough to provide his family with all the comforts of life. Yet, because of a basic inability to negotiate the family budget, tragedy entered their lives.

Judge Wilkie offers two suggestions for avoiding financial stress: The couple should be realistic about their means, and they should have as a basis for their relationship an appreciation of spiritual values. "Those who attend church regularly," observed Wilkie, "will give spiritual matters precedence over the material.

First things first

"Such couples have a two-fold advantage. They are not so apt to get involved in money problems because material things are not uppermost in their minds; and when such couples are faced with crucial problems, be they financial or otherwise, they are better prepared to handle them wisely and successfully."

James J. McDonald, former divorce counsel for the state of Wisconsin, believes that the complexities of modern life have done much to raise the divorce rate. "In the old days, there were no cars, TV sets or installment plans," says McDonald. "With all these temptations, it is important to have your feet on the ground before entering the responsibility of marriage. The best preventive of marital trouble is for the couple to know and understand one another before marrying.

"The vast majority of couples seeking divorce," he points out, "are those with little more in the way of personal possessions than the clothes on their back. But whether the income is meager or large, it is essential for both parties to know how much money is coming in as well as how much is going out. Budgeting is a must."

The family court counselor for Milwaukee County, Jeremiah Kelly, sums up the problem of financial stress in marriage by ascribing it entirely to selfishness. "Selfishness," says Kelly, "is the failure of men and women to respect the rights, duties and obligations imposed on them by the natural and moral law of God."

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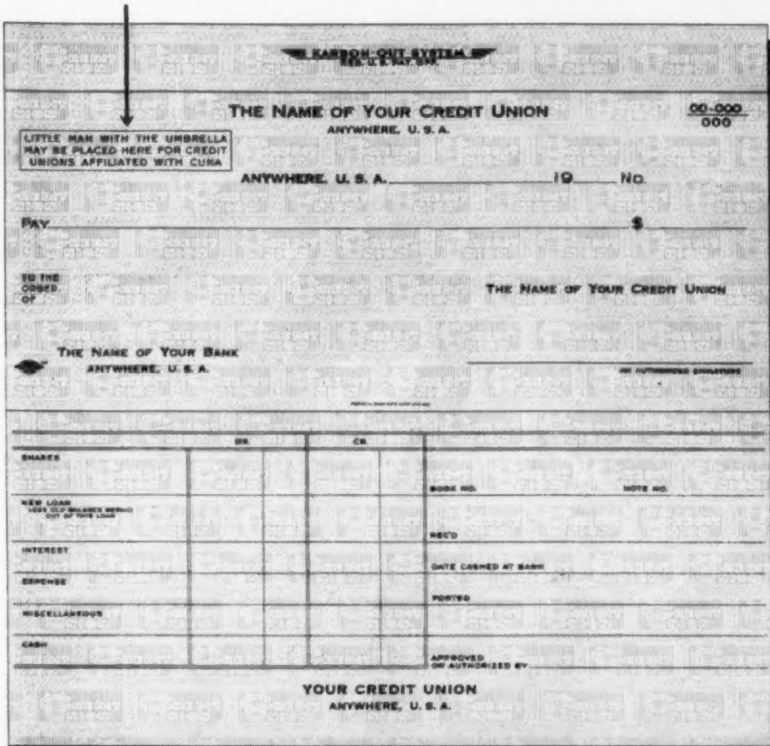

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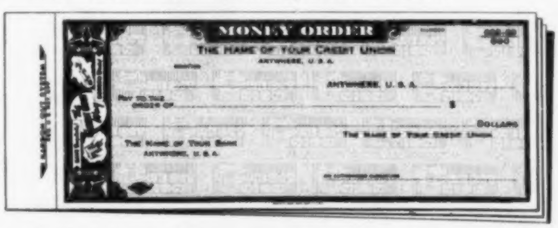

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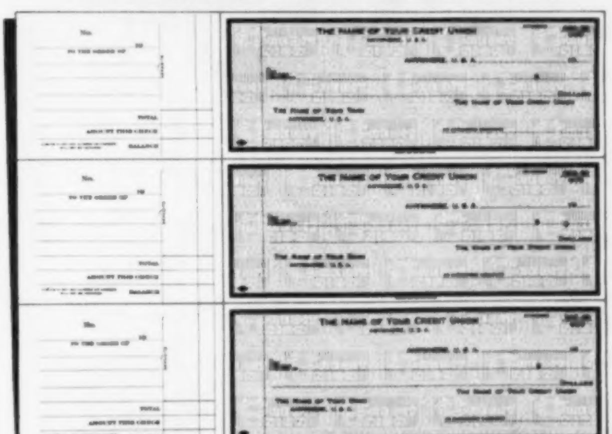

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BEEFING UP THE CHAPTER

Working out programs for small credit unions is a need that several think important.

(*Continued from page* 11)

sions. We need special workshop sessions for new and small credit unions. A committee of experienced credit unionists to work with us individually would help a lot. The newer credit unions are not getting step-by-step instructions in operating procedures. As a result, we don't know what to do and we're falling behind. Each year I have to make more reports to the state, the League and the chapter, but nobody ever explains them to me."

Grant Burke agrees. His little PRCO Credit Union, with $11,000 assets and 60 potential membership, will never rival the Bank of America, but he would like to do a better job. "We small groups need more chapter aid in operations and procedures," he says.

Other credit union officers in the chapter make a variety of suggestions for programs:

• **Speakers.** "Programs should be carefully prepared and feature worthwhile speakers," says E. L. Shurtliff, secretary-treasurer of the chapter. "Nothing is more discouraging than a meeting which leaves everybody with a feeling they have wasted their time."

• **Right night.** "We've held meetings on Saturday nights and Friday nights," says Shurtliff, "but neither was good. Now we're going to try Thursday."

Advance notice. "We should set meeting dates at least a month in advance," suggests Joe Garcia. "Meeting notices should be sent to all members of board and committees. This would raise the mailing costs, I admit, but I think it would bring out more people."

• **Education.** There shouldn't be any meetings that are just business meetings, Herbert Pember believes. He is treasurer of Pocahy Federal Credit Union. "At least a short educational session, even if it's only twenty minutes, would help make the meetings more interesting," he says.

• **Panels.** A "quiz the experts" panel session should be a regular part of chapter meetings, says John G. Hanson, treasurer of the Bannock Steel Credit Union.

• **Workshops.** The League's burden in co-sponsoring workshops should be reduced; the chapter should carry more of the load, believes Arnold Trappett, who is a vice president of the League. "We need more workshops," Trappett says, "to help incoming officers and to brush up experienced officers."

Herbert Pember and Richard LaMothe—LaMothe is treasurer at Idaho State College—both like specialized workshops. "One," comments LaMothe, "should deal with membership drives." John A. Gochenour of the Pocatello Carpenters thinks there should be one on building up credit union assets. Gochenour also suggests there should be a workshop on how to encourage maximum savings be-

fore age 55, for the insurance benefit.

Filling out forms is a problem for credit unions that bothers Mrs. Lucille Martin, and she thinks there should be a workshop on this. Former treasurer of Troy Parisian, Mrs. Martin says, "Incomplete forms have caused us no end of worry. If we could learn some method of overcoming the members' reluctance to fill out forms completely, we could improve our service. It's embarrassing to have to look for people and ask them to complete their paperwork, and it takes time."

• **Trouble-shooting.** The chapter should have a special trouble-shooting committee, suggests one officer. "If every new credit union had a roster of the members of this committee, it could ask for help and get it quickly."

Other proposals that are made include an education committee, an interlending committee, a central bookkeeping service and possibly, to house the latter, a chapter building.

Looking over the record of the credit unions in the chapter, it is interesting to note that nine credit unions in the area had loans in excess of share balances at the time of the survey. Eight of these were credit unions with regular attendance records at chapter meetings. However, it is not easy to prove much one way or the other about the good effects of chapter meetings at the present time. What is significant is that the credit unions of Pocatello are doing pretty well now, but they are not satisfied with the record. They want to do better, and they want the chapter to play its part.

FOR BETTER HOUSING

Setting up a housing cooperative is not simple. An expert has to be called in early.

(Continued from page 7)

ficiaries. Under this type of project, buildings (not land) may be exempted by municipalities from local real estate taxes up to 50 years.

Redevelopment companies — These companies are designed to meet the needs of middle-income families. Their financing is handled mainly by private sources, but they can be used in combination with FHA. Under the Redevelopment Companies Law, a city may condemn property and sell it to a redevelopment corporation.

The city may exempt from taxation, for a period not to exceed 25 years, the value of the project over and above the assessed valuation of the land and buildings in the area before the project was undertaken. A contract between the developer and the city fixes the rentals and other conditions applicable to the construction and management of the project.

Title I developments—These projects benefit both middle and upper-income groups. They are either publicly or privately financed.

Title I of the Federal Housing Act authorizes municipalities to acquire substandard areas and to sell them below requisition cost for redevelopment by private investors or public agencies for predominantly residential uses. The federal government's Housing and Home Finance Agency makes a capital grant of two-thirds of the write-down, and the municipality absorbs the balance of the loss by providing public improvements or cash. Under a constitutional amendment which became effective in New York last November, the state may share one-half of the city's one-third cost in Title I redevelopments.

Credit union groups planning to sponsor a cooperative housing development should allow ample time for its completion after all the details are worked out, says Roger Schafer, secretary of United Housing Foundation. "To avoid disappointments, I would suggest that prospective cooperator-tenants be told that a year or two may pass between making the full down payment and actual occupancy of the project."

Adds Ralph Lippman, United Housing Foundation's secretary of community services: "To start a housing co-op, the credit union group should set up a separate corporation. It should hire the necessary know-how both in the co-op and in the housing fields. To be as economical as possible, a co-op housing project should have between 400 and 500 units. Developments of this size can afford a full-time manager."

On the subject of mortgages, Lippman has this to say: "In my estimate the mortgage on a co-op housing project should run for 40 or more years. I would consider it impractical to have a mortgage which is paid off in less than 40 years."

IN THE MAIL

To the Editor:

I have read the article, 5 Men in Trouble, with interest. Our credit union has had several similar experiences.

A copy of a form letter sent to each of Mr. __________'s creditors in a recent case is enclosed for your information. Each of the creditors, the District Engineers, and Mr. __________ are cooperating. A successful outcome is anticipated, including the liquidation of a prior credit union loan . . .

In setting up the plan, we used the following guide lines:

1. We did not loan Mr. __________ additional money to pay debts. (We have had experiences with this procedure where the payments of overdue debts reestablished a man's credit —which he proceeded to use unwisely so we had the job to do over.)

2. We induced Mr. __________ to reduce current living expenses to $70 a week. (He moved to a cheaper residence and turned in an automobile he could not afford to operate.)

3. We under-pledged amounts left with the credit union to apply on debts. (This proved to be a wise step as we subsequently had to pick up payments on a delinquent income tax obligation which we did not know about when the form letter was written.)

T. P. Bailey, President
U. S. Engineer Employees Credit Union
Louisville, Ky.

New credit unions

Four credit unions a day were organized during 1959, reports the CUNA organization department. The total is now 26,429.

COMING EVENTS

March 3-5 — **Ontario** Credit Union League annual meeting, Royal York Hotel, Toronto.

March 4-5—**New Mexico** Credit Union League annual meeting, Cole Hotel, Albuquerque.

March 4-5—**North Dakota** Credit Union League annual meeting, Memorial Building, Jamestown.

March 11-12—**Connecticut** Credit Union

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The tuition fee of $160 covers classwork, room and board. Students at the 1960 CUNA School will live on the "downtown" edge of the campus, with time off to enjoy the city and its lakes, as well as the famous Wisconsin campus. Some scholarship funds available: address inquiries to Director, CUNA Education Department.

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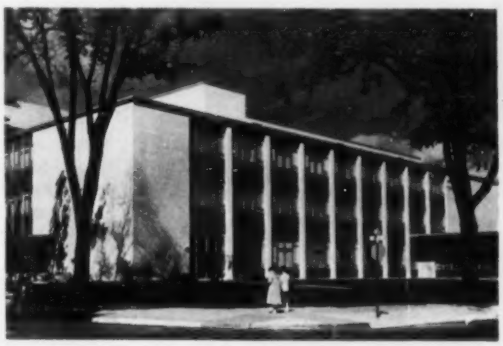
Classes will meet in the Wisconsin Center, the newest and most comfortable classrooms on the campus.



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INVEST IN YOUR FUTURE IN THE CREDIT UNION MOVEMENT

League annual meeting, Hotel Statler, Hartford.

March 11-12—**Ninth District** meeting, Columbia, South Carolina.

March 12—**Fifth District** meeting, Rice Hotel, Houston, Texas.

March 12—**Seventh District** meeting, Detroit, Michigan.

March 12-13—**Fourth District** meeting, Hotel Utah, Salt Lake City, Utah.

March 18-19—**Rhode Island** Credit Union League annual meeting, Sheraton-Biltmore Hotel, Providence.

March 18-19—**South Carolina** Credit Union League annual meeting, Wade Hampton Hotel, Columbia.

March 19—**Eighth District** meeting, Deauville Hotel, Miami Beach, Florida.

March 19—**Third District** meeting, Boise, Idaho.

March 24-26 — **Texas** Credit Union League annual meeting, Municipal Auditorium, Austin.

March 25-26—**Arizona** Credit Union League annual meeting, Westward Ho Hotel, Phoenix.

March 25-26—**Mississippi** Credit Union League annual meeting, Jackson.

March 25-27—**New Jersey** Credit Union League annual meeting, Traymore Hotel, Atlantic City.

March 26—**Sixth District** meeting, Kirkwood Hotel, Des Moines, Iowa.

March 27—**Jamaica** Credit Union League annual meeting, St. George's College Hall, Kingston.

April 1-2—**District of Columbia** Credit Union League annual meeting, Hotel Statler-Hilton, Washington.

April 1-2—**Oregon** Credit Union League annual meeting, Gearhart Hotel, Gearhart.

April 2—**Maryland** Credit Union League annual meeting, Lord Baltimore Hotel, Baltimore.

April 2—**New Hampshire** Credit Union League annual meeting, Highway Hotel, Concord.

April 7-9—**Kansas** Credit Union League annual meeting, Jayhawk Hotel and City Auditorium, Topeka.

April 8-9—**Illinois** Credit Union League annual meeting, Hotel Sherman, Chicago.

April 8-9—**Massachusetts** CUNA Association annual meeting, Hotel Somerset, Boston.

April 9—**Vermont** Credit Union League annual meeting, Middlebury Inn, Middlebury.

April 21-23 — **Alberta** Credit Union League annual meeting, MacDonald Hotel, Edmonton.

April 21-23 — **Nebraska** Credit Union League annual meeting, Cornhusker Hotel, Lincoln.

April 21-23 — **Oklahoma** Credit Union League annual meeting, Tulsa Hotel, Tulsa.

April 21-23—**Pennsylvania** Credit Union League annual meeting, Sheraton Hotel, Philadelphia.

April 22-23 — **Alabama** Credit Union League annual meeting, Thomas Jefferson Hotel, Birmingham.

April 22-23 — **Arkansas** Credit Union League annual meeting, Pines Hotel, Pine Bluff.

April 22-23 — **Georgia** Credit Union League annual meeting, Albany.

April 22-23—**Iowa** Credit Union League annual meeting, Blackhawk Hotel, Davenport.

April 22-23 — **Michigan** Credit Union League annual meeting Pantlind Hotel, Grand Rapids.

April 22-23—**Minnesota** Credit Union League annual meeting, Nicollet Hotel, Minneapolis.

April 22-23 — **Tennessee** Credit Union League annual meeting, New Gatlinburg Inn, Gatlinburg.

April 22-24—**South Dakota** Credit Union League annual meeting, Sheraton-Cataract Hotel, Sioux Falls.

April 23-24 — **Wyoming** Credit Union League annual meeting, City-County Building, Casper.

April 28 - May 1—**Ohio** Credit Union League annual meeting, Carter, Cleveland and Statler Hotels, Cleveland.

April 29-30 — **Colorado** Credit Union League annual meeting, Shirley-Savoy Hotel, Denver.

April 29-30—**North Carolina** Credit Union League, annual meeting, O. Henry Hotel, Greensboro.

April 29-30—**West Virginia** Credit Union League annual meeting, Chancellor Hotel, Parkersburg.

April 29-May 1—**Louisiana** Credit Union League annual meeting, Capitol House Hotel, Baton Rouge.

April 30—**Delaware** Credit Union League annual meeting, Wilmington.

May—**Twelfth District** meeting, Madison, Wisconsin.

May 5-7—**Virginia** Credit Union League annual meeting, Hotel Chamberlin, Old Point Comfort.

May 6-8—**Hawaii** Credit Union League annual meeting, Sheraton's Royal Hawaiian Hotel, Honolulu.

May 9-15—**CUNA and affiliates'** annual meetings, Loraine Hotel, Madison, Wisconsin.

June 3-5—**New York** State Credit Union League annual meeting, Laurels Country Club, Sackett Lake, Monticello.

June 8-10—**Nova Scotia** Credit Union League annual meeting, Cornwallis Inn, Kentville.

June 10-11—**Washington** Credit Union League annual meeting, Monticello Hotel, Longview.

June 23-25—**British Columbia** Credit Union League annual meeting, Courtenay.

June 24-25 — **Montana** Credit Union League annual meeting, Florence Hotel, Missoula.

September 9-10—**Wisconsin** Credit Union League annual meeting, Loraine Hotel, Madison.

September 15-17—**Florida** Credit Union League annual meeting, Deauville Hotel, Miami Beach.

September 30-October 1—**Indiana** credit Union League annual meeting, Claypool Hotel, Indianapolis.

November 17-20—**Missouri** Credit Union League annual meeting, Hotel Muehlebach, Kansas City.

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